

Message Text

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ACTION ARA-20

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P R 011455Z DEC 73

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TO SECSTATE WASHDC PRIORITY 9331

INFO AMEMBASSY LIMA

AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 6249

E.O. 11652: GDS

TAGS: PBOR, EFIS, EC

SUBJECT: STATUS OF THE FORTHCOMING ECUADOREAN FISHERIES LAW

REF: A) QUITO 5840, B) QUITO 6226

1. SUMMARY: WORK CONTINUES ON THE DRAFT FISHERIES LAW. FOR THE FIRST TIME, THE SECTIONS ON LICENSE AND MATRICULA FEES AND PENALTIES HAVE COME INTO QUESTION. A RELIABLE SOURCE PREDICTS THAT THE LICENSE FEE WILL BE BETWEEN \$40 AND \$70 PER NET REGISTERED TON. THE LAW IS EXPECTED TO BE PROMULGATED IN DECEMBER. END SUMMARY.

2. THE CABINET COMMITTEE CONTINUES TO WORK HARD ON THE DRAFT FISHERIES LAW. ITS JOB HAS BEEN COMPLICATED BY AN UNFAVORABLE REACTION FROM THE DOMESTIC FISHING INDUSTRY WHICH IS EXPERIENCING ECONOMIC DIFFICULTIES. THE LOCAL INDUSTRY OBJECTS TO THE DEGREE OF REGULATION PROPOSED AND FEARS THAT THE STATE FISHING CORPORATION (EPNA) AND ITS ASSOCIATED FOREIGN COMPANIES WILL COMPETE WITH IT AND THUS WORSEN ITS ALREADY POOR ECONOMIC SITUATION (REF B).

3. MORE SIGNIFICANTLY FROM THE US POINT OF VIEW, HOWEVER, IS THE FACT THAT THE SECTIONS ON LICENSE AND MATRICULA FEES AND PENALTIES HAVE NOW, FOR THE FIRST TIME, COME INTO QUESTION AS A RESULT OF PRESSURES FROM THE FOREIGN MINISTRY AND TO A LESSER EXTENT FROM
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EPNA.

4. THE FOREIGN MINISTRY IS CONCERNED ABOUT THE EFFECT ON US-ECUADOREAN RELATIONS OF CONFISCATION OF CATCH AND OF SUCH AN INCREASE IN FEES AND THEREFORE OF FINES. EPNA SEES THE US AS THE MARKET FOR ECUADOREAN TUNA AND AS THE BEST SOURCE OF TUNA FISHING TECHNOLOGY. IT HOPES TO BENEFIT FROM BOTH THROUGH ASSOCIATION CONTRACTS WITH US FISHING COMPANIES AND IT FEARS THAT EXTREMELY HIGH LICENSE FEES WILL DRIVE UP THE COST OF ASSOCIATION CONTRACTS TO UNECONOMIC LEVELS.

5. OUR SOURCE IN THE FOREIGN MINISTRY WAS UNABLE TO PREDICT HOW THE ISSUE WOULD COME OUT. HE SAID THAT THE NAVY AND THE MINISTRY OF NATURAL RESOURCES WERE OPPOSED TO REDUCING THE FEES AND EASING THE PENALTIES. THE EPNA MANAGER ASSERTED THAT THE WHOLE ISSUE WAS WIDE OPEN. THE UNDERSECRETARY FOR FISHERIES OF THE MINISTRY OF NATURAL RESOURCES CONFIRMED HIS AND THE NAVY'S OPPOSITION TO REDUCING FEES AND PENALTIES BUT HE SAID THAT IN HIS OPINION THE FINAL LICENSE FEE FIGURE WOULD BE BETWEEN \$40 AND \$70 PER NET REGISTERED TON RATHER THAN THE PREVIOUSLY REPUTED \$100. HE IS PROBABLY THE SOURCE BEST QUALIFIED TO COMMENT ON THIS SUBJECT.

6. OUR SOURCES PREDICT THAT THE LAW WILL BE PROMULGATED IN DECEMBER. ON NOVEMBER 28 THE MANAGER OF EPNA WENT SO FAR AS TO SAY THAT IT WOULD BE DELIVERED IN FINAL DRAFT TO THE PRESIDENT ON DECEMBER 6 (A HIGHLY UNLIKELY DATE SINCE THAT IS THE MOST IMPORTANT HOLIDAY OF THE YEAR IN QUITO) AND TO THE CABINET FOR FORMAL APPROVAL ON DECEMBER 11. RIVADENEIRA WAS QUOTED IN THE PRESS NOVEMBER 30 AS SAYING THAT THE DRAFT LAW WOULD BE SUBMITTED IN FINAL FORM TO THE PRESIDENT ON THE WEEKEND OF DECEMBER 1 AND POSSIBLY TO THE CABINET FOR APPROVAL ON DECEMBER 4. SINCE MINISTER OF NATURAL RESOURCES JARRIN IS OUT OF THE COUNTRY AND IS EXPECTED BACK THIS WEEKEND, IT IS POSSIBLE THAT THIS SCHEDULE WILL SLIP.
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